

It is with great honor that I remember the lessons of yesterday—the lessons taught, and those who taught them. It is my history, and I am thankful that Mary Ann Roswal made it a history worth remembering, worth honoring.

Today, I ask that my colleagues join me as I honor a great teacher I admire and respect.

A TRIBUTE TO STUDENTS FROM  
MCALLEN MEMORIAL HIGH  
SCHOOL

**HON. RUBEN HINOJOSA**

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, May 2, 2000*

Mr. HINOJOSA. Mr. Speaker, on May 6–8, 2000 more than 1200 students from across the United States will be in Washington, DC to compete in the national finals of the We the People . . . The Citizen and the Constitution program. I am proud to announce that the class from McAllen Memorial High School from McAllen will represent the state of Texas in this national event. These young scholars have worked diligently to reach the national finals, and through their experience have gained a deep knowledge and understanding of the fundamental principles and values of our constitutional democracy.

The names of the students are: Melinda Acuna, Cassie Baumeister, Paul Bongat, Amy Booth, Emily Dyer, Brandon Garcia, Gabriela Gonzalez, Amber Hausenfluck, Jason Jarvis, Kyle Jones, Anita Manoharan, Suleima Mohamed, Taylor Mohel, George Morgan, Raquel Pacheco, Angela Perez, Blythe Selman, Matt Sheinberg, Jane Springmeyer, Veronica Vela, Summer West. I would also like to recognize their teacher, LeAnna Morse, whose tireless efforts have contributed greatly to the success of the class.

The We the People . . . The Citizen and the Constitution program is the most extensive educational program in the country developed specifically to educate young people about the Constitution and the Bill of Rights. The three-day national competition is modeled after hearings in the United States Congress. These hearings consist of oral presentations by high school students before a panel of adult judges. The students testify as constitutional experts before a panel of judges representing various regions of the country and a variety of appropriate professional fields. The students' testimony is followed by a period of questioning by the simulated congressional committee. The judges probe students for their depth of understanding and ability to apply their constitutional knowledge.

Administered by the Center for Civic Education, the We the People . . . program has provided curricular materials at upper elementary, middle, and high school levels for more than 26.5 million students nationwide. The program provides students with a working knowledge of our Constitution, Bill of Rights, and the principles of democratic government. Members of Congress and their staff enhance the program by discussing current constitutional issues with students and teachers and by participating in other educational activities.

The class from McAllen Memorial High School is currently conducting research and preparing for the upcoming national competition in Washington, DC. I wish these young

"constitutional experts" the best of luck at the We the People . . . national finals, and my staff and I look forward to greeting them when they visit Capitol Hill.

INTRODUCTION OF THE OMNIBUS  
DISTRICT OF COLUMBIA TAX IN-  
CENTIVE RECOVERY ACT OF 2000

**HON. ELEANOR HOLMES NORTON**

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, May 2, 2000*

Ms. NORTON. Mr. Speaker, today I am introducing the Omnibus District of Columbia Tax Incentive Recovery Act. Congress was out of session on the day of the deadline for filing federal taxes, when I had wanted to introduce the D.C. Tax Package. Therefore, on the first day the House returns, I introduce the Omnibus District of Columbia Tax Incentive Recovery Act. The legislation builds on federal tax incentives Congress has already passed here to produce market-induced residential and business stability and growth. This bill is necessary to assure even the sustained stability, let alone real economic growth, that still eludes the District economy and the city government. This federal tax package gives the city the tools it needs to produce a self-sufficient economy. After the financial collapse of the 1990s, and as the control board passes from the scene, the Congress has an obligation to help the city do what is necessary to increase its own economic output on its own.

The city does not have that capacity today. Ominously, the District lacks the essential safety valve of other large cities—a state to fall back on in times of economic downturn. The economic forecasters agree that D.C. has reached the height of its economic output for this period and will experience four straight years of declining economic output after 2001, largely because its economic boost has come primarily from temporary construction jobs and from jobs held primarily by commuters. The surpluses that brightened the city's hopes have already declined: 1997, \$185 million; 1998, \$445 million, an artificial increase resulting from one-time federal contributions; 1999, \$105 million. The District's top two private sectors—hotels and health care—actually lost jobs, and retail continues to shrink. The city's unemployment rate is 5.7% compared with 3.0% in Maryland and 2.7% in Virginia. This picture resembles other large cities in the United States. However, none survives on city-generated revenues alone, nor could it do so. State assistance is necessary not only to meet current expenses, but also to make up for sharply diminished tax bases in every major American city.

The District is not requesting similar subsidies or federal financial assistance. We believe that the federal tax credit incentive approach already approved by Congress that is already having substantial success here is the key to permanent stability. Tax credits leverage the private sector rather than the government to do the job of growing the economy and return many times the revenue foregone by the federal government.

The Omnibus Tax Package I am introducing today has four parts. They are: (1) the District of Columbia Non-Resident Tax Credit Act that would cost commuters nothing but would fairly

spread the cost of the services used by federal and other employees, who return to the suburbs untaxed the overwhelming majority of the income earned here; (2) the District of Columbia City-Wide Enterprise Zone Act, to spread to all neighborhoods and businesses tax incentives that have brought substantial benefits to communities but with the unintended effect of affording an unfair and arbitrary advantage to some neighborhoods and businesses over their competitors; (3) the District of Columbia Economic Recovery Act, affording a progressive 15% flat tax to residents in order to draw and maintain taxpayers; and (4) the District of Columbia \$5,000 Homebuyer Credit Act, to make permanent the tax incentive that is largely responsible for new homebuyers and for maintaining and attracting taxpayers to the city.

TITLE I: THE DISTRICT OF COLUMBIA NON-RESIDENT TAX  
CREDIT ACT

Not only do suburbanites carry home two-thirds of all the income generated in the District. They leave behind most of the damage that occurs to many services, especially roads and other infrastructure, while making free use of many of the same services that D.C. taxpayers can obtain only by paying for them. Large cities generally recoup at least some of these service costs in order to avoid overwhelming the tax base of cities, which are far less prosperous than the regional areas where suburban service users reside.

For years, the District has sought some reimbursement for the heavy toll in services commuters use. Neither the obvious unfairness, nor even the city's insolvency and increasing need for reimbursement for the services provided, has produced any change.

The District's future economic prospects necessitate a fresh look at how to assure that the city gets its fair share of revenue in a region experiencing large and sustained growth while its core city does not generate sufficient revenue to assure its economic viability. The matter is no longer only a home rule issue or a services issue. Today, it is a fundamental needs issue to assure a viable capital.

The city gave up the federal payment in return for a takeover of state functions as the only way out of its insolvency. The old federal payment was almost never increased and, therefore, declined in value each year. A flat payment was a seriously antiquated and obsolete way for the federal government to meet its financial responsibility to help maintain a capital city. The 1997 Revitalization Act provides an automatic increase by assuming at least some of the most costly and fastest rising state costs. In spite of the splendid national economy, without the Revitalization Act takeover of some state costs, D.C. would still be insolvent, the city would not have an investment grade bond rating, and the control board would not be on its way out.

The tax credit is necessary because even the substantial relief afforded by the Revitalization Act has not left the District able to support itself in the long run. The cold reality is that neither the present robust economy nor the District's own exemplary efforts are doing enough, or can do enough, to assure a permanent recovery.

Three reasons account for this dilemma: (1) There simply are not enough taxpaying residents and businesses here now; it will take many years to make up for the shortfall, and the sufficient business and residential growth

may not occur at all if incentives to make the city more competitive with the suburbs are not enacted; (2) expenditures are inexorably rising faster than revenues; and (3) years of disinvestment in the services provided to residents and especially children, in infrastructure and in basic neighborhood amenities require immediate and substantial funds to hold and attract businesses and residents.

The new tax credit approach we offer today has the twin advantage of greater efficiency and greater reliance on approaches already sanctioned by Congress: (1) Congress has already approved tax credits for the District and increasingly uses tax credits nationally as a tool; (2) a federal tax credit is the fairest way to recoup the cost of services because most of the commuters are federal employees, most of the services rendered to non-residents are due to the federal presence, and most of the land taken off the tax rolls is federal land; (3) a tax credit would spread the obligations of securing a viable economy in the nation's capital to the entire country; (4) the tax credit is set at 2%, the average of non-resident taxes in the country; and (5) a standard commuter tax, other taxes, or other subsidies, are all politically impossible today, while the region has always supported the federal payment, a federal solution.

The tax credit would net the District \$400 million the first year, and, unlike the flat federal payment would automatically rise every year because incomes increase every year. The take-home pay of commuters would not change because the 2% of their salary that would otherwise go to the federal government would instead transfer to the D.C. government (thereby also eliminating any new administrative burden).

#### TITLE II: DISTRICT OF COLUMBIA CITY-WIDE ENTERPRISE ZONE

Several extraordinarily valuable enterprise zone tax benefits constitute the major financial tools that have been used for business revival and new commercial and office construction in the city. Among the most successful have been the wage tax credit allowing an employer a 20% credit for the first \$15,000 of an employee's income if that employee is a D.C. resident. This credit not only helps attract and retain businesses, it also helps to correct the severe imbalance that allows two-thirds of the jobs in the city to go to commuters. Another new benefit, the elimination of capital gains altogether, is expanding and creating businesses in many city neighborhoods and downtown. The success of zero capital gains has already led the Senate to make this provision city-wide. A third tax incentive, tax exemption for up to \$15 million in bonds, is fueling much of the construction boom the city is experiencing, and construction alone accounts for the major portion of the increased economic output of the District today.

However, because the District is small and compact, multiple enterprise zones have had unintended effects. High income university students with little personal income have brought Georgetown and Foggy Bottom businesses within the zone, but businesses in struggling areas of Ward 5 do not qualify. This title would eliminate an unearned advantage that forces competition among our already depleted pool of businesses instead of between those in and outside of the District.

The solution is to designate the District of Columbia itself an enterprise zone. Only this

solution will erase indefensible distinctions that tear neighborhoods apart and help some D.C. businesses, neighborhoods and residents over others that are similarly situated. The citywide zone solution also draws upon the criterion of poverty already in the law because the present law requires a 20% residential zone poverty rate for businesses to receive the tax benefits, and a 10% poverty rate to qualify for capital gains tax elimination. Since the poverty rate for the District is 22%, it makes sense to use the city-wide poverty rate to designate the entire city an enterprise zone.

The \$5,000 Homebuyer Tax Credit was always citywide and has proved so successful that the Senate has tried to raise the income limit (see below). The citywide success of the Homebuyer Credit shows highly effective tax breaks can and should be used to encourage the economy throughout the city.

#### TITLE III: D.C. ECONOMIC RECOVERY ACT (DCERA)

As valuable as the tax credits the District has achieved are, it is the one that the city has not yet achieved that has consistently provoked the greatest excitement and would have the greatest effect. There is general agreement that the 15% Progressive Flat Tax (PFT) would promote a dramatic increase in residents and would stop taxpayer flight altogether. A residential increase in indispensable to the survival of this city. The control board conservatively estimates the need for an increase of 100,000 residents to support city government services unattainable under present conditions.

The 15% progressive flat tax works this way: After affording sharp increases in the traditional standard deduction and personal exemption, a uniform rate of 15% would be applied progressively up the income scale to reduce a resident's tax liability—from approximately 80% reduction to a one-third reduction in taxes owed, depending on income. The lower the income, the greater the tax reduction. The DCERA would take 50% of D.C. residents off of the tax rolls altogether. The uniform rate also would rescue the remaining taxpayers from bracket creep, and assure that income increases resulting from the tax cut are not then significantly taxed away.

I first introduced the Progressive Flat Tax in the 104th Congress. I remain persistent not only because of the city's continuing and serious taxpayer deficit, but particularly because of the strong support I have received for the PFT from congressional leadership. They include Senate Majority Leader TRENT LOTT (R-MS), who sponsored the first-ever D.C. town meeting in the Senate and Senator CONNIE MACK (R-FL), Chairman of the Joint Economic Committee, and other members, who remain strong supporters of the PFT.

#### TITLE IV: THE DISTRICT OF COLUMBIA \$5000 HOMEBUYER CREDIT ACT

This title would make permanent the \$5,000 Homebuyer Credit, perhaps the most successful economic stimulus in the city's history. It is chiefly responsible for stemming the flight that almost destroyed the city's tax base during the 1980s and during the financial crisis and insolvency of the 1990s. The credit offers significant evidence that a tightly targeted tax incentive can have a major turn around effect on a specific problem confronting a city.

The credit has been so successful that we have recommended that states do the same for the many large cities that are rapidly losing taxpayers. In its first year, despite the city's fi-

nancial problems and damaged reputation, the credit made the District first in home sales increases in the United States. According to an independent study by the Greater Washington Research Center, 70% of D.C. homebuyers have used the credit, and 51% purchased homes because of the credit.

Last Year, the Senate was so impressed with the Homebuyer Credit results that it increased the income limits for joint filers from \$130,000 to \$180,000. The limit for individual filers is \$90,000. This increase was passed by the House and Senate, but no omnibus tax bill was enacted last year. Nevertheless, the Senate action demonstrates congressional acknowledgment of the effectiveness of tax credits in general and of the \$5,000 homebuyer credit in particular. Fannie Mae has converted the credit into up-front money towards the purchase of a home, affording the credit significantly greater value to the individual.

The \$5,000 homebuyer credit proved itself so quickly and so well that I have been able to get it repeatedly extended by Congress. The credit is similar to the PFT in its magnet effect. Until the PFT is enacted, the \$5,000 credit is minimally necessary if the city is to have any chance of increasing its still small and depleted tax base. The credit has proved itself so definitively that to get the full effect, it should be enacted permanently.

#### TRIBUTE TO LUE IDA HILL

#### HON. MARCY KAPTUR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 2000

Ms. KAPTUR. Mr. Speaker, I commend the 100th birthday of Lue Ida Hill from Swanton, Ohio. This remarkable woman lives a life that celebrates every day as a gift, every sunrise as the herald of new opportunities.

When Mrs. Hill referred to her centennial birthday as "just another day", she does so not to comment on the routine of life, the monotony of "just another day", she sets an example to us all that everyday, indeed, every moment, ought to be a cause for celebration. For by celebrating, we give thanks for the blessings bestowed upon us by God.

Mrs. Hill has never known what most of us call retirement, for she continues to keep herself busy by helping her neighbors and bringing joy to those around her. With a bow in her hair, a tradition she began while working as a butcher, she was careening about her home in a motorcycle sidecar just months before her birthday.

Lue Ida is a first class woman from a first class community. She's never stopped working, whether it was at the farm helping out with the plowing or mending shirts for Arizona State University students. She's done it all with a gracious and genuine smile. Now, with 68 grandchildren, great-grandchildren, and great-great-grandchildren, Lue Ida keeps the fellow residents of the Harborside Healthcare Facility hopping. There, they refer to her as a social butterfly, playing cards and chatting with her friends and neighbors.

If only we could all be half the "butterfly" Lue Ida is. Bringing happiness to those around us, joy to our loved ones, and recognizing the gift of what we have instead of complaining for what we don't.